



# Pandemic Emergency Financing Facility

## Financial Report

Prepared by the Trustee

*As of June 30, 2018*



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## Introduction

The Pandemic Emergency Financing Facility (PEF) Trust Fund was established by the World Bank in May 2016 as a Financial Intermediary Fund (FIF). This report covers the financial status of the PEF Trust Fund, and is produced by the World Bank as Trustee in accordance with its role as set forth in Section 6.2 of the Standard Provisions for the Pandemic Emergency Financing Facility Trust Fund in Annex 1 of the Contribution Agreement, which states:

*“Unless otherwise agreed between the Steering Body and the Trustee, the Trustee shall annually furnish to the Steering Body a report on the receipts in, transfers from and fund balance of the Trust Fund in the Holding Currency.”*

This report provides (i) a snapshot of the financial situation of the PEF Trust Fund since its inception to June 30, 2018, (ii) the status of pledges and contributions, and (iii) the details of financial activities of the PEF Trust Fund.



## PEF Trust Fund Financial Summary as of June 30, 2018

### ***Pledges and Contributions:***

A pledge represents a contributor's expression of intent to make a contribution. Pledges are converted to Contributions by way of a countersigned Contribution Agreement/Arrangement.

As of June 30, 2018, pledges and contributions to the PEF Trust Fund totaled USDeq. 194.38 million. The Trustee has executed contribution agreements/arrangements with four contributors totaling USDeq. 194.38 million, of which USDeq. 107.03 million has been deposited into the PEF Trust Fund.

### ***Investment Income:***

As of June 30, 2018, the PEF Trust Fund earned investment income of approximately USD 1.05 million on the liquid balances of the Trust Fund which is allocated to a short term fixed income portfolio. The PEF Trust Fund portfolio has returned 0.73% during the first two quarters of 2018.

### ***Funding Approvals:***

As of June 30, 2018, the PEF Steering Body had approved funding from the PEF Trust Fund totaling USD 128.18 million, with USD 10.58 million to cover response activities, USD 0.80 million for Responding Agency fees, USD 114.43 million for bond and swap costs, and USD 2.37 million for administrative budgets to support the activities of the PEF Secretariat and Trustee.

### ***Cash Transfers:***

The Trustee has transferred a total of USD 54.16 million as at June 30, 2018, including USD 11.06 million related to response activities and Responding Agency fees.

### ***Funds Held in Trust:***

Funds Held in Trust<sup>1</sup> reflect contributions paid-in from contributors and investment income earned, less cash transfers. Funds Held in Trust as of June 30, 2018 amounted to USDeq. 53.92 million.

### ***Funds Available for PEF Steering Body Funding Decisions:***

As of June 30, 2018, funds available to support PEF Steering Body funding decisions between FY2019 and FY2022 amounted to USD 67.24 million.

<sup>1</sup> Funds Held in Trust represents balance of cash, investments and unencashed promissory notes (if any) as of the reporting date.



## 1. PEF Trust Fund Summary – Inception through June 30, 2018

*In USD millions*

<b><u>Donor Pledges and Contributions</u></b>		
Contributions	194.38	100.0%
Pledges	-	0.0%
<b>Total Pledges and Contributions</b>	<b>194.38</b>	<b>100.0%</b>

<b><u>Cumulative Resources</u></b>		
<b><u>Resources received</u></b>		
Cash Receipts	107.03	54.8%
Investment Income earned	1.05	0.5%
<b>Total Resources Received</b>	<b>108.08</b>	<b>55.3%</b>
<b><u>Resources not yet received</u></b>		
Contributions not yet received	87.34	44.7%
Pledges	-	0.0%
<b>Total resources not yet received</b>	<b>87.34</b>	<b>44.7%</b>
<b>Total Potential Resources (A) (in USD millions)</b>	<b>195.42</b>	<b>100.0%</b>

<b><u>Cumulative Funding Decisions</u></b>		
Response Activities	10.58	8.3%
Responding Agency Fees	0.80	0.6%
Pandemic Bond and Swap costs	114.43	89.3%
Administrative Budget	2.37	1.9%
<b>Total Funding Decisions Net of Cancellations (B)</b>	<b>128.18</b>	<b>100.0%</b>
<b>Total Potential Resources Net of Funding Decisions (A) - (B)</b>	<b>67.24</b>	

<b><u>Funds Available</u></b>		
Funds Held in Trust	53.92	
Approved Amounts Pending Cash Transfers	(74.02)	
Contributions not yet received	87.34	
<b>Total Funds Available to Support Steering Body Decisions</b>	<b>67.24</b>	

*Note: Sub-totals may not add up to due to rounding*

## 2. Pledges and Contributions as of June 30, 2018

In millions

Contributor	Curr	Pledge in Currency of Contribution	Effective (or signed) Contribution	Receipts in Currency of Contribution	Total Contributions in USDeq. a/	Total Receipts in USDeq. b/	FY19 in USDeq. c/ d/	FY20 in USDeq. c/ d/	FY21 in USDeq. c/ d/	FY22 in USDeq. c/ d/	Total Outstanding Contributions in USDeq. d/
Australia	AUD	9.50	9.50	9.50	7.05	7.05	-	-	-	-	-
Germany	EUR	75.00	75.00	15.00	87.33	17.49	52.38	5.82	5.82	5.82	69.84
IDA	USD	50.00	50.00	50.00	50.00	50.00	-	-	-	-	-
Japan	USD	50.00	50.00	32.50	50.00	32.50	17.50	-	-	-	17.50
<b>Total</b>					<b>194.38</b>	<b>107.03</b>	<b>69.88</b>	<b>5.82</b>	<b>5.82</b>	<b>5.82</b>	<b>87.34</b>

a/ Represents (1) actual USD value of paid-in cash contributions and (2) June 30, 2018 value of unpaid amounts

b/ Represents actual USD receipts

c/ Fiscal year represents the period July 1 to June 30

d/ Valued on the basis of exchange rates as of June 30, 2018

Note: totals may not add up due to rounding

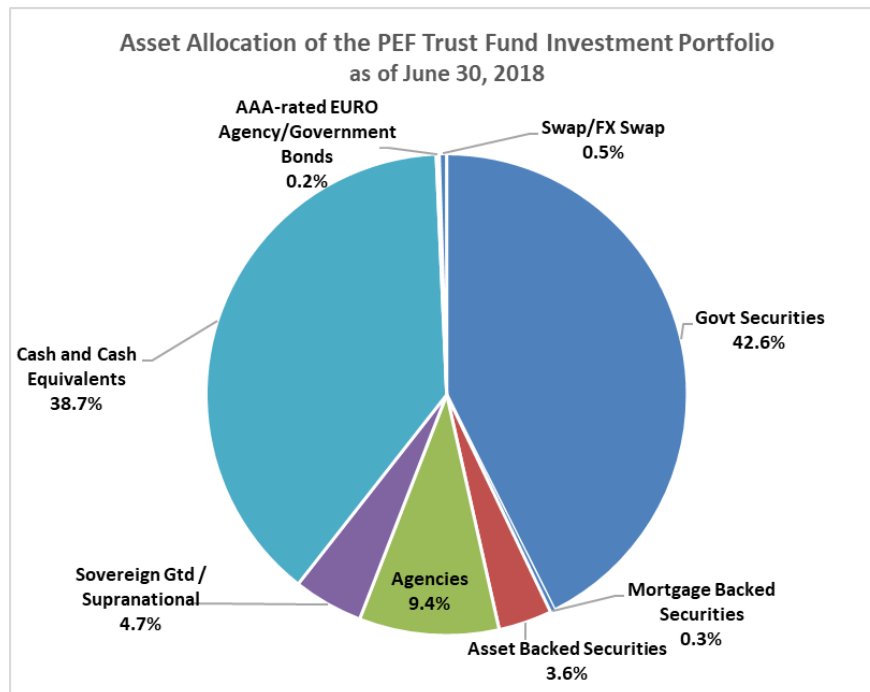


### 3. Asset Mix and Investment Income

#### ASSET MIX

Funds held in trust by the World Bank (as the Trustee) are maintained in a commingled investment portfolio (the “Pool”) for all trust funds administered by the World Bank. On July 1, 2015, the World Bank formally adopted the Conditional Value-at-Risk (CVaR) measure as the risk constraint in the management of trust funds. Funds are managed such that the expected maximum loss, as measured by the CVaR, at the portfolio’s investment horizon, is not to exceed 1% with 99% confidence.

The portfolio allocation by asset class has the largest allocations to government securities and money market instruments.



#### INVESTMENT RETURNS

The PEF funds are invested in accordance with the investment strategy established for the trust funds administered by the World Bank. The PEF funds are invested in a short term fixed income portfolio with an investment horizon of one year. The PEF Trust Fund portfolio, with a cash balance of USD 53.92 million at end-June 2018, has earned approximately USD 1.05 million in investment income since inception.



#### 4. Cumulative Funding Decisions as of June 30, 2018

*In USD millions*

	<u>Insurance Window</u>	<u>Cash Window</u>	<u>Admin Window</u>
Response Activities	-	10.58	-
Responding Agency Fees	-	0.80	-
Pandemic Bond and Swap costs	114.43	-	-
	<b>114.43</b>	<b>11.38</b>	-
Administrative Budget a/ PEF Coordinator	-	-	1.27
Trustee	-	-	1.10
	-	-	<b>2.37</b>
<b>Total Funding Decisions</b>	<b>114.43</b>	<b>11.38</b>	<b>2.37</b>

a/ PEF Coordinator and Trustee's budgets are funded on a pro-rata basis against Insurance and Cash Windows, and by investment income earned on IDA and administrative window balances.





## 5. Funds Available as of June 30, 2018

In USD millions

	Insurance Window	Cash Window	Admin Window	Total
1 Cumulative receipts	<b>87.43</b>	<b>18.48</b>	<b>2.17</b>	<b>108.08</b>
a. Cash receipts from Contributors				
Australia	-	7.05	-	7.05
Japan	32.50	-	-	32.50
Germany	5.89	11.59	-	17.49
IDA	50.00	-	-	50.00
b. Investment income earned	0.26	0.01	0.78 (a)	1.05
c. Pro-rata transfers to Admin Window	(1.22)	(0.17)	1.39 (b)	-
2 Cumulative cash transfers	<b>40.95</b>	<b>11.06</b>	<b>2.14</b>	<b>54.16</b>
Response Activities	-	10.58	-	10.58
Responding Agency Fees	-	0.48	-	0.48
Pandemic Bond and Swap costs ..... (c)	40.95	-	-	40.95
Administrative Costs	-	-	2.14	2.14
3 Funds held in trust (3=1-2)	<b>46.48</b>	<b>7.42</b>	<b>0.03</b>	<b>53.92</b>
4 Amount committed for scheduled payments	<b>73.47</b>	<b>0.32</b>	<b>0.23</b>	<b>74.02</b>
Response Activities	-	-	-	-
Responding Agency Fees	-	0.32	-	0.32
Pandemic Bond and Swap costs	73.47	-	-	73.47
Administrative Costs	-	-	0.23	-
5 Funds held in trust without restrictions (5=3-4)	<b>(26.99)</b>	<b>7.10</b>	<b>(0.21)</b>	<b>(20.10)</b>
6 Contributions not yet received	<b>40.8</b>	<b>46.6</b>	-	<b>87.34</b>
Japan	17.50	-	-	17.50
Germany	23.28 (d)	46.56	-	69.84
7 Total potential resources available (7=5+6) ...(e)	<b><u>13.79</u></b>	<b><u>53.66</u></b>	<b><u>(0.21)</u></b>	<b><u>67.24</u></b>

(a) This amount is investment income earned on IDA and Administrative Window balances.

(b) Represents transfers, on a pro-rata basis, from the Insurance and Cash Windows to the Administrative Window to cover PEF Coordinator and PEF Trustee budgets, as per the PEF Framework.

(c) Includes premiums for the initial 3-year PEF Pandemic Bond/Insurance Coverage period (i.e. bond coupon payments and swap contract premiums) and initial set-up fees.

(d) USDeq. 11.6 million of Germany's contribution to the Insurance Window is scheduled to be received in FY2021 and FY2022, beyond the initial 3-year PEF Pandemic Bond/Insurance Coverage period, which ends in FY2020.

(e) This amount may be allocated by the PEF Steering Body in line with limitations on the use of funds from the Insurance and Cash Windows, as defined in the PEF Framework.

Note: Non-USD amounts are valued based on exchange rates as of June 30, 2018. Sub-totals may not add up due to rounding